

08 SEP 11 PM 1:16

U.S. DISTRICT COURT
NORTHERN DISTRICT OF OHIO
CLEVELAND

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF OHIO
EASTERN DIVISION

UNITED STATES OF AMERICA)	Filed:
)	
v.)	
)	Criminal No.: 1:08CR0068
)	
ALLIANCE NATIONAL LIMITED)	JUDGE DONALD C. NUGENT
PARTNERSHIP, d/b/a)	
DEMILTA IRON & METAL, LTD;)	
)	
FRANCIS DEMILTA; and)	Violations: 15 U.S.C. § 1
)	18 U.S.C. § 1623; and
RONALD VAUGHN)	18 U.S.C. § 1503
)	
Defendants.)	

SUPERSEDING INDICTMENT

The Grand Jury charges:

COUNT I

CONSPIRACY TO RESTRAIN TRADE
IN VIOLATION OF THE SHERMAN ANTITRUST ACT
(15 U.S.C. § 1)

THE DEFENDANTS

1. The following companies and individuals are hereby indicted and made Defendants in the charge stated below in Count One:

- (a) ALLIANCE NATIONAL LIMITED PARTNERSHIP, d/b/a/ DEMILTA IRON & METAL, LTD. (hereinafter "DEMILTA IRON & METAL" unless otherwise noted); and
- (b) FRANCIS DEMILTA.

DESCRIPTION OF THE OFFENSE

2. Beginning at least as early as August 1997 and continuing at least until January 2004, the exact dates being unknown to the Grand Jury, the Defendants DEMILTA IRON & METAL and FRANCIS DEMILTA and co-conspirators entered into and engaged in a combination and conspiracy to suppress and restrain competition by allocating scrap metal suppliers for the purchase of scrap metal in Northeast Ohio. The charged combination and conspiracy unreasonably restrained interstate trade and commerce in violation of Section 1 of the Sherman Act (15 U.S.C. § 1).

3. The charged combination and conspiracy consisted of a continuing agreement, understanding, and concert of action among the Defendants and co-conspirators, the substantial terms of which were to allocate scrap metal suppliers for the sale of scrap metal in Northeast Ohio, and, in return for not soliciting scrap suppliers of its co-conspirators, DEMILTA IRON & METAL was sold scrap metal by its co-conspirators at prices below market value.

MEANS AND METHODS OF THE CONSPIRACY

4. For the purpose of forming and carrying out the charged combination and conspiracy, the Defendants and co-conspirators did the following things, among others:

- (a) participated in meetings and conversations to discuss allocating suppliers of scrap metal (also referred to in the industry and by Defendants as accounts and customers);
- (b) agreed, during such meetings and discussions, to allocate scrap metal suppliers and to not compete against each other for the purchase of scrap metal;

(c) allocated, pursuant to their agreement, scrap metal suppliers, denying such scrap metal suppliers a competitive price and thereby depressing or maintaining the price that DEMILTA IRON & METAL, FRANCIS DEMILTA, and their co-conspirators paid for scrap metal;

(d) agreed, during such meetings and conversations, which designated co-conspirator would purchase scrap metal from particular scrap metal suppliers;

(e) participated in meetings and conversations to discuss the submission of bids for the purchase of scrap metal;

(f) refrained from, pursuant to their agreement, competing against each other;

(g) agreed, pursuant to their meetings and discussions, that DEMILTA IRON & METAL would be sold scrap metal by its co-conspirators at a price below market value in return for DEMILTA IRON & METAL's agreement not to solicit scrap metal suppliers of its co-conspirators;

(h) DEMILTA IRON & METAL's co-conspirators sold, pursuant to their agreement, scrap metal to DEMILTA IRON & METAL at a price below market value in return for DEMILTA IRON & METAL's not soliciting scrap metal suppliers of its co-conspirators; and

(i) DEMILTA IRON & METAL paid, pursuant to their agreement, prices below market value for scrap metal sold to it by its co-conspirators in return for DEMILTA IRON & METAL's not soliciting scrap metal suppliers of its co-conspirators.

THE DEFENDANTS AND CO-CONSPIRATORS

5. Defendant ALLIANCE NATIONAL LIMITED PARTNERSHIP is an Ohio limited partnership that was formed in or about April 1993 and does business as DEMILTA IRON & METAL, LTD. DEMILTA IRON & METAL is headquartered in Willoughby, Ohio, and has its principal place of business in Northeast Ohio. At all times relevant to this Indictment,

DEMILTA IRON & METAL was owned by FRANCIS DEMILTA. At all times relevant to this Indictment, DEMILTA IRON & METAL was engaged in the purchase and sale of ferrous and nonferrous scrap metal in Northeast Ohio and elsewhere. DEMILTA IRON & METAL purchased scrap metal for resale from suppliers of scrap metal, then sold the scrap metal it purchased to mills and foundries located inside and outside the State of Ohio.

6. At all times relevant to this Indictment, FRANCIS DEMILTA was the founder, owner, and president of ALLIANCE NATIONAL LIMITED PARTNERSHIP, d/b/a DEMILTA IRON & METAL, LTD. Prior to forming ALLIANCE NATIONAL LIMITED PARTNERSHIP and DEMILTA IRON & METAL, FRANCIS DEMILTA was the founder, owner, and president of DeMilta Scrap & Salvage, Inc., a business that FRANCIS DEMILTA started in the early 1980s and which also was engaged in the purchase and sale of scrap metal. At all times relevant to this Indictment, FRANCIS DEMILTA was directly engaged in the purchase and sale of scrap metal and supervised the business activities of DEMILTA IRON & METAL.

7. Various individuals, companies, and corporations not made Defendants in this Indictment, participated as co-conspirators in the offense charged and performed acts and made statements in furtherance of it.

8. Whenever this Count refers to any act, deed, or transaction of any company or corporation, it means that the company or corporation engaged in the act, deed, or transaction by or through its officers, directors, employees, agents, or other representatives while they were actively engaged in the management, direction, control, or transaction of its business or affairs.

TRADE AND COMMERCE

9. Ferrous and nonferrous scrap metal is a residual product that has value. Typically, manufacturing plants, mills, and foundries generate ferrous and nonferrous scrap

metal as a by-product. In the scrap metal industry, this type of scrap is generally referred to as industrial scrap. For example, tool and die makers or stamping plants end up with small or odd-shaped pieces of scrap that are a by-product of their manufacturing process. This scrap is valuable if picked up, sorted, and sold to mills or foundries that desire scrap metal as part of their manufacturing process. The business of scrap metal companies, such as the Defendants and co-conspirators, generally involves placing collection boxes (e.g., lugger and roll off containers) at manufacturers' sites to collect the scrap metal, then picking it up, processing it, and reselling it to customers.

10. At all times relevant to this Indictment, Defendants DEMILTA IRON & METAL, FRANCIS DEMILTA, and co-conspirators (1) purchased ferrous and nonferrous scrap metal from individuals and companies located inside and outside the State of Ohio; (2) sold or shipped ferrous and nonferrous scrap metal to individuals and companies located inside and outside the State of Ohio; and (3) caused ferrous and nonferrous scrap metal to be purchased from, sold to, or shipped from or to, individuals and companies located inside and outside the State of Ohio.

11. At all times relevant to this Count, substantial quantities of ferrous and nonferrous scrap metal bought and/or sold by the Defendants and co-conspirators were shipped across state lines in a continuous and uninterrupted flow of interstate trade and commerce.

12. The activities of the Defendants and co-conspirators that are the subject of this Count were within the flow of, and substantially affected, interstate trade and commerce.

JURISDICTION AND VENUE

13. The combination and conspiracy charged in this Count was formed and carried out, in part, by the Defendants DEMILTA IRON & METAL, FRANCIS DEMILTA, and co-

conspirators in the Northern District of Ohio within the five years preceding the return of this Indictment.

ALL IN VIOLATION OF TITLE 15, UNITED STATES CODE, SECTION 1.

COUNT II

FALSE DECLARATIONS
(18 U.S.C. § 1623)

The Grand Jury further charges:

THE DEFENDANT

14. RONALD VAUGHN is hereby indicted and made a Defendant in the charge stated below.

15. At all times relevant to this Indictment, Defendant RONALD VAUGHN was an employee of Alliance National Limited Partnership, d/b/a DeMilta Iron & Metal, Ltd. At all times relevant to this Indictment, RONALD VAUGHN was the vice president of DeMilta Iron & Metal, was directly engaged in the purchase and sale of scrap metal, and supervised the business activities of DeMilta Iron & Metal. RONALD VAUGHN and Francis DeMilta are brothers-in-law.

DESCRIPTION OF THE OFFENSE

(False material declarations about an agreement or understanding
between DeMilta Iron & Metal and co-conspirators
not to solicit each other's scrap metal suppliers)

16. On June 7, 2005, in the Northern District of Ohio, RONALD VAUGHN testified under oath as a witness before the Grand Jury, duly empaneled by the United States District Court for the Northern District of Ohio, sitting in Cleveland, Ohio, and knowingly made false material declarations concerning matters the Grand Jury was investigating, in violation of 18 U.S.C. § 1623.

17. At that time and place, the Grand Jury was conducting an investigation into possible violations of the Sherman Antitrust Act, 15 U.S.C. § 1, and other related federal offenses. The Grand Jury's investigation included the conduct of DeMilta Iron & Metal and its owners, officers, and employees, including RONALD VAUGHN and Francis DeMilta.

18. It was material to the Grand Jury's investigation to determine if any person or entity engaged in the purchase and sale of scrap metal had committed a violation of the Sherman Antitrust Act, 15 U.S.C. § 1, including any agreement to allocate scrap metal suppliers (also called accounts or customers). Thus, it was material to the Grand Jury to determine if RONALD VAUGHN had any awareness, knowledge, or information of, or participated in, any agreement or understanding with any competitor (*i.e.*, another scrap metal dealer) to allocate scrap metal suppliers, in violation of 15 U.S.C. § 1, or other related federal criminal offenses. It was, therefore, material to the Grand Jury to determine:

(a) if RONALD VAUGHN was aware of any agreement or understanding between DeMilta Iron & Metal and other scrap metal companies, including M. Weingold Company (hereinafter "M. Weingold" or "Weingold Company") or Harry Rock & Associates, Inc. (hereinafter "Rock" or "Rock Company"), to allocate or not to solicit each other's scrap metal suppliers;

(b) if an agreement was struck at the Holiday Inn in 1997 – or ever – that DeMilta Iron & Metal would lay off of the accounts of its major competitor, M. Weingold, and its affiliated companies, including Rock, in return for M. Weingold and its affiliated companies laying off of DeMilta Iron & Metal's accounts;

(c) whether there was ever at any time an agreement between DeMilta Iron & Metal not to compete with Weingold Company and its affiliated companies;

(d) whether there was ever at any time an agreement between DeMilta Iron & Metal and Weingold Company and any of its affiliated companies to compete less vigorously than the companies would have competed but for an agreement; and

(e) whether there was an agreement or understanding reached at a meeting at the Holiday Inn – or after – that DeMilta Iron & Metal would not solicit M. Weingold or its affiliated accounts in return for M. Weingold not soliciting DeMilta Iron & Metal's scrap metal accounts.

19. At the aforesaid time and place, RONALD VAUGHN, while under oath, knowingly declared falsely before the Grand Jury with respect to material matters as follows:
(Page references are to the official Grand Jury transcript of RONALD VAUGHN, dated June 7, 2005. Declarations charged as false are underscored.)

Q: And, of course, our understanding is that it was used in a way, that there was an agreement, there was an understanding between your company and the Weingold Company and the Rock Company[,] which included Best Atlas after Jack Weingold bought Best Atlas[,] and that agreement was this: That they would not solicit and take your scrap metal accounts or suppliers, and in return you would not solicit or take their scrap metal suppliers.

A: That's not accurate.

Q: That's not accurate?

A: No, sir.

Q: What's inaccurate about it?

A: We don't have an agreement.

Q: You say you don't have an agreement.

A: No.

Q: Did you have an agreement?

A: Did not have an agreement.

Q: Did you ever have an agreement?

A: Never had an agreement.

Q: Never had an understanding?

A: Never.

[Vaughn Transcript, P. 112, Lines 9-25, and P. 113, Lines 1-5].

* * *

Q: There was no agreement that you had ever –

A: No, sir.

Q: – ever –

A: Never.

Q: – with the Weingold or the Rock company to lay off of each other's accounts?

A: No, sir.

Q: Never happened?

A: Never happened.

Q: Never struck at a Holiday Inn meeting?

A: No.

Q: Wasn't struck at some latter meeting?

A: No, sir.

[Vaughn Transcript, P. 156, Lines 19-25 and P. 157, Lines 1-6.]

* * *

Q: Mr. Vaughn, I heard your testimony this morning and there are just a few questions that I'd like to ask you based on what you had to say this morning.

A: Sure.

Q: The first one is, was there ever at any time an agreement between your company, that's DeMilta, and the Weingold Company or any of the affiliated companies, that's Rock and other companies like that – was there ever an agreement at any time between your company DeMilta and Weingold not to compete with each other?

A: No, sir.

Q: Was there ever an agreement between your company DeMilta and Weingold and any of the affiliated companies to compete less vigorously than the companies would have competed but for an agreement?

A: No, sir.

[Vaughn Transcript, P. 158, Lines 13-25; P. 159, Lines 1-4].

20. The aforesaid declarations of RONALD VAUGHN, as he then and there knew, were false in that RONALD VAUGHN was, in fact, aware of an agreement or understanding between DeMilta Iron & Metal and M. Weingold, including its affiliated companies, including Rock, to allocate or not to solicit each other's scrap metal suppliers. Further, as RONALD VAUGHN then and there knew, this agreement was made at the Holiday Inn meeting, in which he was involved.

JURISDICTION AND VENUE

21. The aforesaid false material declarations charged in Count II of this Indictment were made by the Defendant RONALD VAUGHN before the Grand Jury sitting in the Northern District of Ohio within the five years preceding the return of this Indictment.

ALL IN VIOLATION OF TITLE 18, UNITED STATES CODE, SECTION 1623.

COUNT III

FALSE DECLARATIONS
(18 U.S.C. § 1623)

The Grand Jury further charges:

22. Paragraphs 15, 16, and 17 of this Indictment are repeated, realleged, and incorporated in Count III with the same force and effect as if fully set forth in this Count.

THE DEFENDANT

23. RONALD VAUGHN is hereby indicted and made a Defendant in the charge stated below.

DESCRIPTION OF THE OFFENSE

(False material declarations about the substance of a meeting
at the Holiday Inn between DeMilta Iron & Metal officials, including
RONALD VAUGHN, and co-conspirators during which the collusive agreement was struck)

24. It was material to the Grand Jury's investigation to determine whether RONALD VAUGHN had any awareness, knowledge or information of, or participated in, any agreement or understanding with M. Weingold or Rock to allocate scrap metal suppliers (also called accounts or customers), in violation of 15 U.S.C. § 1, or other related federal criminal offenses, including:

(a) whether RONALD VAUGHN had any awareness, knowledge, or information of, or participated in, a meeting at the Holiday Inn in which it was agreed or understood that Jack Weingold and his companies, M. Weingold and Rock, would not solicit and go after DeMilta Iron & Metal's accounts and, in return, DeMilta Iron & Metal would not solicit and go after M. Weingold and Rock accounts;

(b) whether, at the Holiday Inn meeting, Jack Weingold ever discussed or proposed to RONALD VAUGHN or Francis DeMilta that he and his companies, M. Weingold and Rock,

and DeMilta Iron & Metal should quit competing against each other, or suggested that competition between their companies should end;

(c) whether, after the Holiday Inn meeting, there was an agreement or understanding that DeMilta Iron would not solicit M. Weingold accounts, and, in return M. Weingold would not solicit DeMilta Iron accounts

(d) whether, at the Holiday Inn, Jack Weingold ever discussed or proposed to RONALD VAUGHN or Francis DeMilta that, by competing against each other, they were costing each other money, or whether the idea of ending competition was raised;

(e) whether, at the Holiday Inn meeting, Jack Weingold ever proposed selling any volume of busheling (a type of scrap metal) to DeMilta Iron & Metal;

(f) whether, at the Holiday Inn meeting, there was ever any discussion, even as a possibility, that M. Weingold would sell busheling to DeMilta Iron & Metal at a price \$25 under the *Iron Age* price;

(g) whether, at the conclusion of the Holiday Inn meeting, there were any definite plans for M. Weingold to sell busheling to DeMilta Iron & Metal; and

(h) whether, at the Holiday Inn meeting, there was any proposed volume of busheling to be sold by M. Weingold to DeMilta Iron & Metal.

25. At the aforesaid time and place, while under oath, RONALD VAUGHN knowingly declared falsely before the Grand Jury with respect to material matters as follows:

(Page references are to the official Grand Jury transcript of RONALD VAUGHN dated June 7, 2005. Declarations charged as false are underscored.)

Q: Now, did you meet at the Holiday Inn off Wilson Mills with Jack Weingold, Loren Margolis, Frank DeMilta and yourself?

A: Yes.

Q: And was there an agreement or understanding reached at that meeting that DeMilta Iron would not solicit or take Weingold or Weingold affiliated accounts in return for Weingold not taking or soliciting DeMilta Iron [s]crap [m]etal accounts?

A: No.

Q: And by accounts I mean companies that sell scrap metal to DeMilta Iron or Weingold.

A: No.

Q: There was never an agreement like that?

A: No, sir.

Q: After the meeting at the Holiday Inn, was there an agreement reached or an understanding that DeMilta Iron would not solicit or take Weingold accounts and in return Weingold would not solicit or take DeMilta Iron accounts?

A: No.

[Vaughn Transcript, P. 159, Lines 5-25].

* * *

Q: And at the conclusion of this meeting at the Holiday Inn was there an agreement or understanding between Jack Weingold and his companies and you and your company, DeMilta Iron & Metal, that you would not solicit and go after M. Weingold or Rock accounts and in return M. Weingold and Rock would not solicit and go after DeMilta accounts?

A: No, there was not.

Q: Was that idea proposed at any time during this Holiday Inn meeting?

A: No, it was not.

Was there ever any discussion at all at this Holiday Inn meeting where the idea of ending some competition between your company and Jack Weingold and his companies was discussed or proposed?

A: No, there was not.

Q: That never happened?

A: No, it did not.

Q: And if Jack Weingold said that that's what happened, he's wrong?

A: He's wrong.

Q: And if Loren Margolis said that's what happened, he's wrong?

A: Look at the history after the fact and look at all the accounts that we continued to bang against each other. That's proof in itself.

Q: We'll get into the history.

A: Good.

Q: All I'm saying is you're sitting here today saying if Jack Weingold or Loren Margolis have told you, the government, that at this Holiday Inn meeting that there was some discussion and agreement about each company not soliciting or going after each other's accounts and trying to end the competition between the companies, that they have sold you a bad bill of goods; that that is not correct?

A: That's not what took place.

Q: Didn't happen?

A: Did not happen.

Q: Okay. And there was no discussion about a set volume for bush[e]lling at this meeting?

A: I answered that already. The answer is no.

Q: There was no discussion about price –

A: No.

Q: – for bush[e]lling at the meeting?

A: No.

Q: Did Jack Weingold at this meeting tell you and Frank DeMilta that the competition should end?

A: No, he did not.

Q: Did he suggest that in any way?

A: No.

Q: Did Mr. Weingold suggest that it's crazy to keep competing against each other, that you're just costing each other money?

A: No.

Q: And in fact, that's what competition does; it does cost you money and it costs them money. Do you agree with that?

A: Yes, it does.

[Vaughn Transcript, P. 78, Lines 14-25; P. 79, Lines 1-25; and P. 80, Lines 1-22].

* * *

Q: At the Holiday Inn meeting that we referred to here, was \$25 under the Iron Age pricing ever discussed as a possibility –

A: No, it wasn't.

Q: Let me finish the question. Was it ever discussed as a possibility that that would be the price that DeMilta would purchase scrap from Weingold?

A: No.

[Vaughn Transcript, P. 161, Lines 10-17].

* * *

Q: All right. I just want to finish up with the meeting and then we'll take a break. Was there anything else talked about at this meeting? Was there any definite plans to buy bush[e]ling from the M. Weingold Company at the conclusion of this meeting?

A: No.

Q: No definite plan?

A: No definite plans.

Q: Was there any proposed volume to be sold to your company by the M. Weingold Company of bush[e]ling?

A: No.

Q: Nothing proposed at the meeting?

A: Nothing.

[Vaughn Transcript, P. 76, Lines 6-19].

26. The aforesaid declarations of RONALD VAUGHN, as he then and there knew, were false in that: (1) RONALD VAUGHN was, in fact, aware not only that the idea of ending competition between M. Weingold and DeMilta Iron & Metal was proposed and discussed between Jack Weingold and RONALD VAUGHN and Francis DeMilta at the Holiday Inn, but that an agreement to allocate scrap metal suppliers was, in fact, struck at the Holiday Inn meeting whereby M. Weingold and Rock would not solicit DeMilta Iron & Metal's scrap metal suppliers in return for DeMilta Iron & Metal not soliciting M. Weingold's and Rock's scrap metal suppliers; (2) as part of this collusive agreement at the Holiday Inn meeting, busheling, volume, and pricing were proposed and discussed; (3) RONALD VAUGHN was, in fact, aware that Jack Weingold discussed the state of the competition between his company and DeMilta Iron & Metal and proposed (and the participants at the meeting, including RONALD VAUGHN, ultimately agreed) that this competition should end because it was costing each other money; (4) RONALD VAUGHN was, in fact, aware that a price of \$25 under the *Iron Age* pricing was proposed and discussed at the Holiday Inn meeting, in which RONALD VAUGHN was involved; and (5) RONALD VAUGHN was aware, in fact, that, at this Holiday

Inn meeting, plans were proposed and made for DeMilta Iron & Metal to buy busheling from M. Weingold.

JURISDICTION AND VENUE

27. The aforesaid false material declarations charged in Count III of this Indictment were made by the Defendant RONALD VAUGHN before the Grand Jury sitting in the Northern District of Ohio within five years preceding the return of this Indictment.

ALL IN VIOLATION OF TITLE 18, UNITED STATES CODE, SECTION 1623.

COUNT IV

FALSE DECLARATIONS
(18 U.S.C. § 1623)

The Grand Jury further charges:

28. Paragraphs 15, 16, and 17 of this Indictment are repeated, realleged, and incorporated in Count IV with the same force and effect as if fully set forth in this Count.

THE DEFENDANT

29. RONALD VAUGHN is hereby indicted and made a Defendant in the charge stated below.

DESCRIPTION OF THE OFFENSE

(False material declarations about the substance
of a meeting that occurred at the Holiday Inn
in which RONALD VAUGHN participated)

30. It was material to the Grand Jury's investigation to determine whether RONALD VAUGHN had any awareness, knowledge, or information of, or participated in, any meeting resulting in an agreement or understanding with any competitor (*i.e.*, another scrap metal dealer) to allocate scrap metal suppliers (also called accounts or customers), in violation of 15 U.S.C. § 1, or other related federal criminal offenses, including:

(a) whether, at a meeting at the Holiday Inn, an agreement was made whereby M. Weingold and Rock officials, including Jack Weingold and Loren Margolis, and DeMilta Iron & Metal officials, including RONALD VAUGHN and Francis DeMilta, agreed not to continue going after (*i.e.*, soliciting) each other's business;

(b) whether RONALD VAUGHN, in substance, accurately and truthfully described his one and only meeting with Francis DeMilta, Jack Weingold, and Loren Margolis at the Holiday Inn; and

(c) whether it was resolved, at the conclusion of this Holiday Inn meeting, that the Defendants and co-conspirators would continue to compete, or whether instead a collusive agreement was struck limiting competition between the Defendants and co-conspirators.

31. At the aforesaid time and place, while under oath, RONALD VAUGHN knowingly declared falsely before the Grand Jury with respect to material matters as follows:

(Page references are to the official Grand Jury transcript of RONALD VAUGHN dated June 7, 2005. Declarations charged as false are underscored.)

Q: All right. So sometime between July of '97 and August '98 you met with Jack Weingold and Loren Margolis and Frank DeMilta from your company?

A: Uh – huh.

* * *

Q: And where did this meeting take place?

A: Holiday Inn in Wilson Mills, I believe.

Q: And that's in Highland Heights?

A: Yes.

Q: And there were the four of you present, Jack Weingold?

A: That's correct.

Q: Loren Margolis, yourself?

A: That's correct.

Q: And Frank DeMilta?

A: That's correct.

[Vaughn Transcript, P. 30, Lines 17-20; P. 31, Lines 9-19].

* * *

Q: I want to get back to this meeting at the Wilson Mills Holiday Inn. How did it end? When that meeting ended what was your understanding as to what was going to happen?

A: Neither their firm or our firm would haul anybody's containers. We would, you know, continue to go after each other's business and explore the opportunity to buy scrap from one another.

Q: So it sounds like three things. When that meeting ended there were three things that were resolved.

A: Okay.

Q: Well, let me go over them. Number one – if I'm wrong let me know and let the jurors know. This is important stuff. Number one, that neither party to these lawsuits, neither DeMilta Company or Weingold and his companies were going to touch each other's industrial scrap metal containers that were on-site at a particular location; is that correct?

A: Physically, physically handle their containers, correct.

Q: Physically move them?

A: Correct.

Q: And by that I gather if you went after an M. Weingold or Rock piece of business and there would obviously be a container there that's being filled up, somebody would have to arrange for that container to be moved, you were not going to do it; that's what was agreed to?

A: That's correct.

Q: And reciprocally they also agreed they are not going to move your boxes?

A: That's correct.

Q: So that is point one that was resolved according to you. Point two was you said that you were going to continue to go after each other's business?

A: Correct.

Q: What do you mean by that? What does that mean, go after each other's business?

A: Continue to compete.

Q: Continue to compete?

A: Yes.

[Vaughn Transcript, P. 66, Line 25 to P. 68, Line 15].

* * *

Q: And it was, according to you, resolved at this meeting that you were going to continue to do that, your company was going to continue to compete with the M. Weingold Company and the Rock Company; is that correct?

A: That's correct.

Q: And was there some discussion also about the Weingold Company coming from their end also going to continue to compete against your company?

A: I'm sure there was.

Q: You're sure there was?

A: (Nods head).

[Vaughn Transcript, P. 69, Lines 19-25 and P. 70, Lines 1-5].

32. The aforesaid declarations of RONALD VAUGHN, as he then and there knew, were false in that: (1) RONALD VAUGHN was, in fact, aware that he and Francis DeMilta had participated in a meeting at the Holiday Inn with co-conspirators, at which an agreement was made by DeMilta Iron & Metal officials, RONALD VAUGHN and Francis DeMilta, and their co-conspirators, Jack Weingold and Loren Margolis, that DeMilta Iron & Metal would not continue to go after (*i.e.*, not solicit) the scrap metal suppliers of Jack Weingold's companies, including M. Weingold and Rock, in return for Jack Weingold's companies not going after (*i.e.*, not soliciting) the scrap metal suppliers of DeMilta Iron & Metal ; (2) RONALD VAUGHN was, in fact, aware that his description as to the substance of his one and only meeting at the Holiday Inn in which Jack Weingold, Loren Margolis, and Francis DeMilta also participated, was false and was intended to deceive and mislead the Grand Jury; and (3) RONALD VAUGHN was aware, in fact, that, opposite of how RONALD VAUGHN testified, at the conclusion of this Holiday Inn meeting, it was agreed that DeMilta Iron & Metal and co-conspirators would *not* continue to compete against each other.

JURISDICTION AND VENUE

33. The aforesaid false material declarations charged in Count IV of this Indictment were made by the Defendant RONALD VAUGHN before the Grand Jury sitting in the Northern District of Ohio within the five years preceding the return of this Indictment.

ALL IN VIOLATION OF TITLE 18, UNITED STATES CODE, SECTION 1623.

COUNT V

FALSE DECLARATIONS
(18 U.S.C. § 1623)

The Grand Jury further charges:

34. Paragraphs 15, 16, and 17 of this Indictment are repeated, realleged, and incorporated in Count V with the same force and effect as if fully set forth in this Count.

THE DEFENDANT

35. RONALD VAUGHN is hereby indicted and made a Defendant in the charge stated below.

DESCRIPTION OF THE OFFENSE

(False material declarations about whether RONALD VAUGHN
discussed specific scrap metal accounts with Loren Margolis)

36. It was material to the Grand Jury's investigation to determine whether RONALD VAUGHN had any awareness, knowledge, or information of, or participated in, any meeting resulting in an agreement or understanding with any competitor (*i.e.*, another scrap metal dealer) to allocate scrap metal suppliers (also called accounts or customers), in violation of 15 U.S.C. § 1, or other related federal criminal offenses, including:

(a) whether RONALD VAUGHN, at any meeting or discussion with his competitor, Loren Margolis, ever talked to Margolis about specific scrap metal accounts other than Superior Quality; and

(b) whether RONALD VAUGHN ever talked with Loren Margolis about any of the following specific accounts: ETS; Solon Industrial; or Bison Welding.

37. At the aforesaid time and place, while under oath, RONALD VAUGHN knowingly declared falsely before the Grand Jury with respect to material matters as follows:

(Page references are to the official Grand Jury transcript of RONALD VAUGHN dated June 7, 2005. Declarations charged as false are underscored.)

Q: Okay. Now, during this discussion you had with Loren Margolis did you take any notes?

A: No.

Q: **Do** you know if he took any?

A: I don't believe so. I don't know.

Q: **And how soon after this meeting did you begin to buy scrap?**

A: Off the top of my head, I don't remember.

Q: Did you talk about any particular accounts at this meeting?

A: No.

Q: None at all?

A: No, sir.

Q: **And by accounts** I mean suppliers of scrap metal.

A: No.

[Vaughn Transcript, Page 106, Lines 3-17].

* * *

Q: No specific names were discussed at all?

A: No, sir.

Q: At some later meeting or discussion with Margolis did you have occasion to talk to him about specific scrap metal accounts?

A: No, sir.

Q: And again, I'm talking about accounts that either DeMilta Iron or the M. Weingold Company or Rock Company bought scrap from?

A: No, sir.

[Vaughn Transcript, P. 107, Lines 4-13].

* * *

Q: Other than that Holiday Inn meeting, that initial one – we'll talk about later ones afterwards, but the initial one, there were no other accounts talked about other than Superior Quality?

A: No, sir.

Q: Now, how about a company – a business called ETS?

A: ETS is a customer of ours today, yes.

Q: And the acronym ETS, that's nifty for what?

A: I have no idea.

Q: Did you ever talk about ETS, that account with Loren Margolis?

A: No.

Q: Solon Industrial, are you familiar with that account?

A: No, I'm not.

Q: Did you ever talk about that account with Loren Margolis?

A: No.

Q: Bison Welding, are you familiar with that account?

A: Yes, I am.

Q: How are you familiar with it?

A: I think we handled it at one time.

Q: What happened?

A: We lost it.

[Vaughn Transcript, P. 108, Lines 2-25].

* * *

Q: Okay. And Bison Welding, did you ever talk about that account with Loren Margolis?

A: No, sir.

Q: Now, I mentioned four accounts, Superior Quality[,] ETS, Solon Industrial and Bison Welding. Other than the Holiday Inn meeting where the subject of Superior Quality was raised, did you ever talk about Superior Quality, ETS, Solon Industrial or Bison Welding with Jack Weingold, Loren Margolis[,] Mark Weingold or Howard Bahm?

A: No.

Q: Never happened?

A: Never.

[Vaughn Transcript, P. 110, Lines 1-13].

38. The aforesaid declarations of RONALD VAUGHN, as he then and there knew, were false in that: (1) RONALD VAUGHN was, in fact, aware that, pursuant to the collusive agreement between DeMilta Iron & Metal and co-conspirators, RONALD VAUGHN talked with Loren Margolis about specific scrap metal accounts; and (2) RONALD VAUGHN was, in fact, aware that he talked to Loren Margolis about ETS, Solon Industrial, and Bison Welding.

JURISDICTION AND VENUE

39. The aforesaid false material declarations charged in Count V of this Indictment were made by the Defendant RONALD VAUGHN before the Grand Jury sitting in the Northern District of Ohio within the five years preceding the return of this Indictment.

ALL IN VIOLATION OF TITLE 18, UNITED STATES CODE, SECTION 1623.

COUNT VI

FALSE DECLARATIONS
(18 U.S.C. § 1623)

The Grand Jury further charges:

40. Paragraphs 15, 16, and 17 of this Indictment are repeated, realleged, and incorporated in Count VI with the same force and effect as if fully set forth in this Count.

THE DEFENDANT

41. RONALD VAUGHN is hereby indicted and made a Defendant in the charge stated below.

DESCRIPTION OF THE OFFENSE

(False material declarations about the use of color-coded
terminology related to the collusive agreement
between DEMILTA IRON & METAL and co-conspirators)

42. It was material to the Grand Jury's investigation to determine whether RONALD VAUGHN had any awareness, knowledge, or information of, or participated in, any meeting resulting in an agreement or understanding with any competitor (*i.e.*, another scrap metal dealer) to allocate scrap metal suppliers (also called accounts or customers), in violation of 15 U.S.C. § 1, or other related federal criminal offenses, including:

(a) whether RONALD VAUGHN ever used, or heard, color-coded terminology in referring to the collusive agreement between DeMilta Iron & Metal and co-conspirators; and

(b) whether RONALD VAUGHN and Loren Margolis ever used color-coded terminology, or whether RONALD VAUGHN ever heard Loren Margolis use color-coded terminology, as shorthand for the collusive agreement between DeMilta Iron & Metal and co-conspirators.

43. At the aforesaid time and place, while under oath, RONALD VAUGHN knowingly declared falsely before the Grand Jury with respect to material matters as follows:

(Page references are to the official Grand Jury transcript of RONALD VAUGHN dated June 7, 2005. Declarations charged as false are underscored.)

Q: Did you ever hear the terminology or use the terminology that blue is blue?

A: No.

Q: Black is blue?

A: No.

Q: Brown is blue?

A: No.

Q: Green is green?

A: No.

Q: Or perhaps the terminology was blue equals blue, black equals blue, brown equals blue, green equals green?

A: No.

[Vaughn Transcript, P. 110, Lines 14-25 and P. 111, Line 1].

* * *

Q: See, if this makes any more sense. Did Loren Margolis in any conversation with you – in any conversation with you ever use this terminology: Blue equals blue, green equals green, black equals blue and brown equals blue?

A: No.

[Vaughn Transcript, P. 111, Lines 18-23].

* * *

Q: . . . Did you ever hear that or use that terminology or hear him [Loren Margolis] use that?

A: No, sir.

[Vaughn Transcript, P. 112, Lines 6-8].

* * *

Q: And I showed you a document earlier today that reflected the equation green equals green, blue equals blue, black equal[s] blue, brown equals blue. Do you recall that document?

A: Yes.

Q: In fact, you saw it even before today, had a chance to contemplate it even before today; is that right?

A: That's correct.

* * *

Q: Did you ever talk to Loren Margolis when he used similar terminology, black equals blue, brown equals blue, blue equals blue, green equals green?

A: No.

Q: Did you ever talk to anyone at M. Weingold Company where that terminology was used, black equals blue, blue equals blue, green equals green, brown equals blue?

A: No.

[Vaughn Transcript, P. 274, Lines 1-8; 15-23].

44. The aforesaid declarations of RONALD VAUGHN, as he then and there knew, were false in that RONALD VAUGHN was, in fact, aware that he used or heard color-coded terminology in discussions with co-conspirators related to the collusive agreement between DeMilta Iron & Metal and co-conspirators.

JURISDICTION AND VENUE

45. The aforesaid false material declarations charged in Count VI of this Indictment were made by the Defendant RONALD VAUGHN before the Grand Jury sitting in the Northern District of Ohio within the five years preceding the return of this Indictment.

ALL IN VIOLATION OF TITLE 18, UNITED STATES CODE, SECTION 1623.

COUNT VII

FALSE DECLARATIONS

(18 U.S.C. § 1623)

The Grand Jury further charges:

46. Paragraphs 15, 16, and 17 of this Indictment are repeated, realleged, and incorporated in Count VII with the same force and effect as if fully set forth in this Count.

THE DEFENDANT

47. RONALD VAUGHN is hereby indicted and made a Defendant in the charge stated below

DESCRIPTION OF THE OFFENSE

(False material declarations about a meeting at the
Holiday Inn with Loren Margolis and Mark Weingold
– after Jack Weingold bought Atlas Lederer –
where RONALD VAUGHN insisted that M. Weingold sell more busheling to
DeMilta Iron & Metal in furtherance of the collusive agreement)

48. It was material to the Grand Jury's investigation to determine whether RONALD VAUGHN had any awareness, knowledge, or information of, or participated in, any meeting resulting in an agreement or understanding with any competitor (*i.e.*, another scrap metal dealer) to allocate scrap metal suppliers (also called accounts or customers), in violation of 15 U.S.C. § 1, or other related federal criminal offenses, including:

(a) whether RONALD VAUGHN met with Loren Margolis and Mark Weingold at the Holiday Inn;

(b) whether RONALD VAUGHN ever met with Loren Margolis and Mark Weingold, at the Holiday Inn or elsewhere, to discuss increasing the monthly busheling sales from 150 tons to a higher tonnage level as part of the collusive agreement between DeMilta Iron & Metal and co-conspirators not to solicit each other's scrap metal suppliers; and

(c) whether RONALD VAUGHN, along with Francis DeMilta, ever met with Loren Margolis and Mark Weingold at the Holiday Inn.

49. At the aforesaid time and place, while under oath, RONALD VAUGHN knowingly declared falsely before the Grand Jury with respect to material matters as follows:

(Page references are to the official Grand Jury transcript of RONALD VAUGHN dated June 7, 2005. Declarations charged as false are underscored.)

Q: Do you recall meeting with Mark Weingold and Loren Margolis at the Holiday Inn on Wilson Mills Road?

A: No.

Q: Do you recall meeting with Loren Margolis and Mark Weingold at some other place?

A: Again, the only time was at our yard to view material that was not consistent with what we were buying.

Did you ever meet with Loren Margolis and Mark Weingold and talk about the tonnage arrangement on bush[e]ling needing to be increased from 150 tons to a higher level?

A: No. I mean, I constantly would ask, you know, you got more tonnage, you got more tonnage? It wasn't like a set meeting to say we need to go from here to here, no.

Q: Do you recall Atlas Lederer Company?

A: I know who the Atlas Lederer Company is.

Q: And they were bought by Jack Weingold, weren't they?

A: Yes, they were.

Q: And it was bought by Jack Weingold in April – approximately April of 1999. Do you remember that?

A: I remember it was purchased, I don't remember the date.

Q: Do you remember it being purchased by Jack Weingold?

A: Yes, I do.

Q: Afterwards, after it was purchased by Mr. Weingold do you recall meeting with Mark Weingold and/or Loren Margolis and discussing with them the need or the interest in having Weingold sell DeMilta Company increased tonnages of bush[e]ling?

A: No.

Q: Do you recall insisting that the 150 ton arrangement initially struck was no longer acceptable and that that volume tonnage needed to be increased to a higher level?

A: No.

Q: Do you remember telling Mark Weingold and/or Loren Margolis at any meeting at any time that you wanted 500 tons of bush[e]ling to be sold?

A: No.

Q: Do you remember ever meeting with Mark Weingold?

A: Again, in the yard to view material that was not exactly what we were supposed to be getting.

* * *

Q: Do you recall any discussion with Loren Margolis or Mark Weingold after Jack Weingold purchased Atlas Lederer about purchasing scrap or increasing the purchase of scrap from the Weingold Company?

A: No.

[Vaughn Transcript, P. 147, Lines 23-25; P. 148, Lines 1-25; P. 149, Lines 1-25; and P. 150, Line 1-4.]

* * *

Q: Now, we've talked a lot about a meeting at the Holiday Inn. I'm going to ask you about a meeting at the Holiday Inn b[ut] a different meeting. Did you ever meet with Mark Weingold, not Jack Weingold but Mark Weingold, Loren Margolis, Frank DeMilta and yourself at that same Holiday Inn off of Wilson Mills?

A: No.

Q: Never at all?

A: Never at all.

[Vaughn Transcript, P. 161, Lines 18-25; P. 162, Lines 1-2].

50. The aforesaid declarations of RONALD VAUGHN, as he then and there knew, were false in that RONALD VAUGHN was, in fact, aware: (1) that RONALD VAUGHN had met with Loren Margolis and Mark Weingold at the Holiday Inn; and (2) that, at this meeting, which took place after Jack Weingold bought another local scrap metal company called Atlas Lederer, RONALD VAUGHN specifically requested that M. Weingold needed to increase its

monthly busheling sales to DeMilta Iron & Metal or DeMilta Iron & Metal would begin to compete aggressively against M. Weingold and its affiliated companies.

JURISDICTION AND VENUE

51. The aforesaid false material declarations charged in Count VII of this Indictment were made by the Defendant RONALD VAUGHN before the Grand Jury sitting in the Northern District of Ohio within the five years preceding the return of this Indictment.

ALL IN VIOLATION OF TITLE 18, UNITED STATES CODE, SECTION 1623.

COUNT VIII

FALSE DECLARATIONS
(18 U.S.C. § 1623)

The Grand Jury further charges:

52. Paragraphs 15, 16, and 17 of this Indictment are repeated, realleged, and incorporated in Count VIII with the same force and effect as if fully set forth in this Count.

THE DEFENDANT

53. RONALD VAUGHN is hereby indicted and made a Defendant in the charge stated below

DESCRIPTION OF THE OFFENSE

(False material declarations about complaints by Ronald Vaughn
to Loren Margolis, Mark Weingold, and Howard Bahm
about the *quid pro quo* pay-off of monthly busheling sales (150 tons)
not being satisfactory after Jack Weingold bought Atlas Lederer)

54. It was material to the Grand Jury's investigation to determine whether RONALD VAUGHN had any awareness, knowledge, or information of, or participated in, any meeting resulting in an agreement or understanding with any competitor (*i.e.*, another scrap

metal dealer) to allocate scrap metal suppliers (also called accounts or customers), in violation of 15 U.S.C. § 1, or other related federal criminal offenses, including:

(a) whether, after Jack Weingold bought another scrap metal dealer in the Cleveland area called Atlas Lederer, RONALD VAUGHN complained to Loren Margolis or Mark Weingold about the monthly sale of 150 tons of busheling to DeMilta Iron & Metal by M. Weingold no longer being satisfactory;

(b) whether M. Weingold's agreement to increase its monthly busheling sales to DeMilta Iron & Metal from 150 tons to 350 tons was related in any way to Jack Weingold's purchase of Atlas Lederer; and

(c) whether RONALD VAUGHN was privy to the reason why M. Weingold officials agreed to increase the monthly busheling sales to DeMilta Iron & Metal from 150 tons to 350 tons.

55. At the aforesaid time and place, while under oath, RONALD VAUGHN knowingly declared falsely before the Grand Jury with respect to material matters as follows:

(Page references are to the official Grand Jury transcript of RONALD VAUGHN dated June 7, 2005. Declarations charged as false are underscored.)

Q: Did you complain after Jack Weingold purchased the Atlas Lederer Company to either Loren Margolis or Mark Weingold that the 150 ton bush[e]ling arrangement was not satisfactory, that now Jack Weingold had t[oo] many boxes and had too much business and that volume needed to be increased?

A: No.

[Vaughn Transcript, P. 150, Lines 6-12].

* * *

Q: Did you ever, in talking to Howard Bahm, complain to him that the 150 tons of bush[e]ling that you or your company were buying from the M. Weingold Company was no longer satisfactory since Jack Weingold had purchased the Atlas Lederer Company?

A: No.

[Vaughn Transcript, P. 273, Lines 20-25].

* * *

Q: Was the agreement to raise the amount of tons that Weingold sold – bush[e]ling that Weingold sold each month to DeMilta related in any way to the sale of Atlas Lederer to the Weingold Company?

A: If it was, it was never – it was never privy to us.

[Vaughn Transcript, P. 167, Lines 9-14.]

56. The aforesaid declarations of RONALD VAUGHN, as he then and there knew, were false in that RONALD VAUGHN was, in fact, aware that, after Jack Weingold purchased Atlas Lederer: (1) RONALD VAUGHN met with Loren Margolis and Mark Weingold at the Holiday Inn and complained to them that the 150 ton busheling arrangement was not satisfactory and needed to be increased because Jack Weingold now controlled more scrap metal tons; (2) RONALD VAUGHN complained to Howard Bahm, an official of Rock Company, about the monthly busheling sales of 150 tons not being satisfactory after Jack Weingold bought Atlas Lederer; and (3) RONALD VAUGHN was, in fact, privy to the reason why the monthly busheling sales from M. Weingold to DeMilta Iron & Metal increased from 150 tons to 350 tons after Jack Weingold bought Atlas Lederer, in that RONALD VAUGHN, in meetings and discussions with M. Weingold officials, insisted that the monthly busheling sales by M. Weingold to DeMilta Iron & Metal needed to be increased or DeMilta Iron & Metal

would end the collusive agreement struck at the Holiday Inn in August 1997 and begin to compete aggressively against M. Weingold and its affiliated companies.

JURISDICTION AND VENUE

57. The aforesaid false material declarations charged in Count VIII of this Indictment were made by the Defendant RONALD VAUGHN before the Grand Jury sitting in the Northern District of Ohio within the five years preceding the return of this Indictment.

ALL IN VIOLATION OF TITLE 18, UNITED STATES CODE, SECTION 1623.

COUNT IX

FALSE DECLARATIONS
(18 U.S.C. § 1623)

The Grand Jury further charges:

58. Paragraphs 15, 16, and 17 of this Indictment are repeated, realleged, and incorporated in Count IX with the same force and effect as if fully set forth in this Count.

THE DEFENDANT

59. RONALD VAUGHN is hereby indicted and made a Defendant in the charge stated below.

DESCRIPTION OF THE OFFENSE

(False material declarations about RONALD VAUGHN's discussions with M. Weingold and Rock officials about Best Atlas and Best Atlas' accounts)

60. It was material to the Grand Jury's investigation to determine whether RONALD VAUGHN had any awareness, knowledge, or information of, or participated in, any agreement or understanding with any other scrap metal dealer, including Weingold Company and Rock Company, to allocate accounts or customers, in violation of 15 U.S.C. § 1, or other related federal criminal offenses, including:

(a) whether RONALD VAUGHN ever talked to Jack Weingold, Loren Margolis, Mark Weingold, or Howard Bahm about Jack Weingold's acquisition of Best Atlas; and

(b) whether RONALD VAUGHN ever talked about any Best Atlas accounts.

61. At the aforesaid time and place, while under oath, RONALD VAUGHN knowingly declared falsely before the Grand Jury with respect to material matters as follows:

(Page references are to the official Grand Jury transcript of RONALD VAUGHN dated June 7, 2005. Declarations charged as false are underscored.)

Q: Best Atlas, Jack Weingold purchased that in or about October 1997. Does that jive with your recollection?

A: Again, I don't know the dates but I know he purchased it.

Q: He did purchase it. And did you have occasion either before or after the purchase of Best Atlas by Jack Weingold to talk to Jack Weingold or Loren Margolis or Mark Weingold or Howard Bahm about that acquisition?

A: No, sir.

Q: You **never** talked to any of those four individuals ever about Best Atlas?

A: No.

Q: Ever?

A: No.

Q: Or about the accounts being serviced by Best Atlas?

A: No.

[Vaughn Transcript, P. 204, Lines 20-25; P. 205, Lines 1-12].

62. The aforesaid declarations of RONALD VAUGHN, as he then and there knew, were false in that RONALD VAUGHN was, in fact, aware: (1) that RONALD VAUGHN did talk to Jack Weingold, Loren Margolis, Mark Weingold, and/or Howard Bahm about Jack Weingold's acquisition of Best Atlas; and (2) RONALD VAUGHN did talk to some of these M. Weingold or Rock officials about Best Atlas' accounts.

JURISDICTION AND VENUE

63. The aforesaid false material declarations charged in Count IX of this Indictment were made by the Defendant RONALD VAUGHN before the Grand Jury sitting in the Northern District of Ohio within the five years preceding the return of this Indictment.

ALL IN VIOLATION OF TITLE 18, UNITED STATES CODE, SECTION 1623.

COUNT X

FALSE DECLARATIONS

(18 U.S.C. § 1623)

The Grand Jury further charges:

64. Paragraphs 15, 16, and 17 of this Indictment are repeated, realleged, and incorporated in Count X with the same force and effect as if fully set forth in this Count.

THE DEFENDANT

65. RONALD VAUGHN is hereby indicted and made a Defendant in the charge stated below.

DESCRIPTION OF THE OFFENSE

(False material declarations about instruction or direction that
RONALD VAUGHN gave to DeMilta Iron & Metal employees)

66. It was material to the Grand Jury's investigation to determine whether RONALD VAUGHN had any awareness, knowledge, or information of, or participated in, any agreement or understanding with any other scrap metal dealer, including M. Weingold and Rock, to allocate scrap metal suppliers (also called accounts or customers), in violation of 15 U.S.C. § 1, or other related federal criminal offenses, including:

(a) whether RONALD VAUGHN gave any direction or instruction to Jarrod Mink, a DeMilta Iron & Metal employee, related to the Commercial Honing account; and

(b) whether RONALD VAUGHN ever gave any direction or instruction to any trader, salesman, or buyer at DeMilta Iron & Metal to lay off of M. Weingold or Rock Company business.

67. At the aforesaid time and place, while under oath, RONALD VAUGHN knowingly declared falsely before the Grand Jury with respect to material matters as follows:

(Page references are to the official Grand Jury transcript of RONALD VAUGHN dated June 7, 2005. Declarations charged as false are underscored.)

Q: Did you ever give any direction or instruction to Jarrod Mink related to the Commercial Honing account?

A: No.

Q: Did you ever give any instruction or direction to any DeMilta Iron trader or salesman or buyer – all three of those terms are synonymous, correct?

A: Yes.

Q: Did you ever give any direction or instruction to any trader or buyer or salesperson at DeMilta Iron & Metal to lay off of M. Weingold or Rock business?

A: No, sir.

[Vaughn Transcript, P. 229, Lines 9-20].

68. The aforesaid declarations of RONALD VAUGHN, as he then and there knew, were false in that RONALD VAUGHN was, in fact, aware: (1) that RONALD VAUGHN did give direction and instruction to Jarrod Mink related to the Commercial Honing account; and (2) RONALD VAUGHN did direct and instruct traders, buyers, or salesmen of DeMilta Iron & Metal to lay off M. Weingold and Rock business.

JURISDICTION AND VENUE

69. The aforesaid false material declarations charged in Count X of this Indictment were made by the Defendant RONALD VAUGHN before the Grand Jury sitting in the Northern District of Ohio within the five years preceding the return of this Indictment.

ALL IN VIOLATION OF TITLE 18, UNITED STATES CODE, SECTION 1623.

COUNT XI

FALSE DECLARATIONS

(18 U.S.C. § 1623)

The Grand Jury further charges:

70. Paragraphs 15, 16, and 17 of this Indictment are repeated, realleged, and incorporated in Count XI with the same force and effect as if fully set forth in this Count.

THE DEFENDANT

71. RONALD VAUGHN is hereby indicted and made a Defendant in the charge stated below.

DESCRIPTION OF THE OFFENSE

(False material declarations about direction and instruction to employees about generating false, phony, or inaccurate weight tickets and about altering the unit weight of trucks used to buy scrap metal)

72. It was material to the Grand Jury's investigation to determine whether RONALD VAUGHN had any awareness, knowledge, or information of, or participated in, any scheme or artifice to defraud persons who sold scrap metal to DeMilta Iron & Metal, including:

(a) whether RONALD VAUGHN ever directed anyone at DeMilta Iron & Metal, including Phil Zelznick or Jarrod Mink, to generate false, or phony, or inaccurate weight tickets; and

(b) whether RONALD VAUGHN ever altered the weight of a truck to help establish a tare weight, which was then used to establish a unit weight for DeMilta Iron & Metal to pay one of its scrap metal suppliers.

73. At the aforesaid time and place, while under oath, RONALD VAUGHN knowingly declared falsely before the Grand Jury with respect to material matters as follows:

(Page references are to the official Grand Jury transcript of RONALD VAUGHN dated June 7, 2005. Declarations charged as false are underscored.)

Q: Did you ever direct Jarrod Mink to generate false or phony or inaccurate weight tickets?

A: Absolutely not.

Q: Or Phil Zelznick?

A: Absolutely not.

Q: Or anyone else at your company?

A: No.

[Vaughn Transcript, P. 252, Lines 9-15.]

* * *

Q: Did you ever alter the weight of a truck to help establish a tare weight or a unit weight to be used to pay Lincoln Electric – or excuse me, Parker Hannifin for scrap that you purchased from them?

A: No.

[Vaughn Transcript, P. 254, Lines 15-20.]

74. The aforesaid declarations of RONALD VAUGHN, as he then and there knew, were false in that RONALD VAUGHN was, in fact, aware that: (1) RONALD VAUGHN did instruct Mink, Zelznick, and others at DeMilta Iron & Metal to generate false, phony, or inaccurate weight tickets; and (2) RONALD VAUGHN did alter the weight of a truck to establish a phony tare weight, which was then used as a basis to pay Parker Hannifin for its scrap metal.

JURISDICTION AND VENUE

75. The aforesaid false material declarations charged in Count XI of this Indictment were made by the Defendant RONALD VAUGHN before the Grand Jury sitting in the Northern District of Ohio within the five years preceding the return of this Indictment.

ALL IN VIOLATION OF TITLE 18, UNITED STATES CODE, SECTION 1623.

COUNT XII

OBSTRUCTION OF JUSTICE

(18 U.S.C. § 1503)

The Grand Jury further charges:

76. Each and every allegation in Paragraphs 14-75 of this Indictment is repeated, realleged, and incorporated in Count XII with the same force and effect as if fully set forth in this Count.

THE DEFENDANT

77. RONALD VAUGHN is hereby indicted and made a Defendant in the charge stated below.

BACKGROUND

78. From in or about March 1999 to the present, a federal grand jury sitting in the Northern District of Ohio has been investigating, among other things, possible federal antitrust offenses, and related criminal offenses, in the purchase and sale of industrial scrap metal. This investigation has included the Defendants – DeMilta Iron & Metal, Francis DeMilta, and RONALD VAUGHN – as well as others in the scrap metal industry.

DESCRIPTION OF THE OFFENSE

79. On June 7, 2005, RONALD VAUGHN was subpoenaed to testify before the Grand Jury (Grand Jury 04-5-A). On this occasion, the foreperson of the Grand Jury administered the oath to RONALD VAUGHN and RONALD VAUGHN swore to tell the truth in the testimony he was about to give.

80. During his June 7, 2005, appearance before the grand jury, RONALD VAUGHN did knowingly and intentionally corruptly endeavor to influence, obstruct, and impede the due administration of justice, and did, in fact, influence, obstruct, and impede the due administration of justice, namely proceedings before the Grand Jury, by knowingly and intentionally providing false, misleading, deceiving, and evasive testimony to the Grand Jury as to his knowledge and awareness of, and participation in, an agreement or understanding involving RONALD VAUGHN, DeMilta Iron & Metal, and Francis DeMilta with co-conspirators to allocate scrap metal suppliers, as well as concealing from the Grand Jury the true reason for, and nature of, the monthly busheling sales to DeMilta Iron & Metal from M. Weingold at a price below market value. RONALD VAUGHN misled the grand jury into believing that these monthly busheling sales were legitimate, when in fact they were related

to the collusive agreement in that they were intended to, and did, compensate DeMilta Iron & Metal in return for DeMilta Iron & Metal's not soliciting the scrap metal suppliers of M. Weingold and its affiliated companies. Moreover, RONALD VAUGHN provided false, misleading, deceiving, and evasive testimony concerning his knowledge and awareness of, or participation in, numerous acts in furtherance of this illegal collusive agreement, for which conduct any participants could possibly be prosecuted for violations of Title 15, Section 1, of the United States Code.

81. Further, in his June 7, 2005, appearance before the Grand Jury, RONALD VAUGHN did knowingly and corruptly endeavor to influence, obstruct, and impede the due administration of justice, and did, in fact, influence, obstruct, and impede the due administration of justice, namely proceedings before the Grand Jury, by knowingly providing false, misleading, deceiving, and evasive testimony to the Grand Jury as to RONALD VAUGHN's knowledge or awareness of, and participation in, DeMilta Iron & Metal's short weighting some of its scrap metal suppliers. In the scrap metal industry, "short weighting" occurs when an account or customer is paid less for its scrap metal because the scrap metal dealer, here DeMilta Iron & Metal, intentionally alters the weight of the scrap metal being purchased, thereby resulting in less money being paid to the scrap metal supplier. It was material to the Grand Jury to determine if DeMilta Iron & Metal short weighted any of its suppliers, accounts, or customers, conduct that could possibly be prosecuted as violations of 18 U.S.C. § 1341 (mail fraud), 18 U.S.C. § 1343 (wire fraud), 18 U.S.C. § 2314 (interstate transportation of goods fraudulently taken), or 18 U.S.C. § 371 (a conspiracy to commit a crime or crimes against the United States).

82. It was part of the corrupt endeavor that, during his testimony before the Grand Jury, RONALD VAUGHN made the following materially false and intentionally misleading, deceiving, and evasive statements and representations, in substance, under oath:

(a) RONALD VAUGHN was *not* aware of an agreement or understanding between DeMilta Iron & Metal and its co-conspirators, M. Weingold, Rock and their officials, not to solicit each other's scrap metal suppliers;

(b) RONALD VAUGHN was *not* aware that, at the conclusion of a meeting at the Holiday Inn, there was an agreement or understanding between Jack Weingold and his companies and DeMilta Iron & Metal that DeMilta Iron & Metal would not solicit M. Weingold and Rock accounts in return for M. Weingold and Rock Company not soliciting DeMilta Iron & Metal accounts, and, further, RONALD VAUGHN was *not* aware that a proposal was even made at the Holiday Inn that these competitors quit competing;

(c) RONALD VAUGHN was *not* aware of any discussion at the Holiday Inn where the idea of ending competition between Jack Weingold and his companies and DeMilta Iron & Metal was even proposed;

(d) RONALD VAUGHN was *not* aware of any discussion at the Holiday Inn about a set volume of busheling being sold to DeMilta Iron & Metal;

(e) RONALD VAUGHN was *not* aware that, at this Holiday Inn meeting, Jack Weingold suggested it was crazy for his companies and DeMilta Iron & Metal to continue competing against each other because all competition did was cost them money;

(f) RONALD VAUGHN and the participants at the Holiday Inn meeting talked about *continuing to compete* against each other and *continuing to go after* each other's business;

(g) RONALD VAUGHN, at the Holiday Inn meeting, talked about only *three things*: (1) the participants' intention not to physically touch, handle, or move each other's on-site boxes; (2) RONALD VAUGHN's and Francis DeMilta's intention to *continue to compete* against Jack Weingold and his companies; and (3) RONALD VAUGHN's and Francis DeMilta's intention to do some business with Jack Weingold, though no definite plans were discussed or even proposed about DeMilta Iron & Metal's buying busheling from Weingold Company;

(h) RONALD VAUGHN, either at the Holiday Inn meeting or at some later time, *never* talked to Loren Margolis about specific scrap metal accounts, including ETS, Solon Industrial, Bison Welding, or Superior Quality;

(i) RONALD VAUGHN *never* heard or used the terminology in talking to Loren Margolis, or anyone at M. Weingold or Rock, that "blue equals blue," "black equals blue," "brown equals blue," and "green equals green," which was a short-hand way the co-conspirators used to refer to their agreement to allocate scrap metal suppliers;

(j) RONALD VAUGHN did *not* meet with Loren Margolis and Mark Weingold at the Holiday Inn on Wilson Mills Road, or any other place other than at DeMilta Iron & Metal's yard, nor did RONALD VAUGHN *ever* meet with Loren Margolis and Mark Weingold and talk about the tonnage arrangement on busheling needing to be increased from 150 tons to a higher level after Jack Weingold bought Atlas Lederer;

(k) RONALD VAUGHN did *not* complain to either Loren Margolis or Mark Weingold that the 150-ton per month busheling arrangement – *i.e.*, the *quid pro quo* pay-off in return for the agreement between DeMilta Iron & Metal and their co-conspirators not to solicit each other's scrap metal suppliers – was no longer satisfactory, since Jack Weingold, after buying Atlas Lederer, now controlled an even larger share of the market;

(l) RONALD VAUGHN *never* complained to Howard Bahm, a Rock official, that the 150-ton per month busheling arrangement was no longer satisfactory after Jack Weingold bought Atlas Lederer;

(m) No agreement was struck at the Holiday Inn, or at some later time, that DeMilta Iron & Metal would lay off M. Weingold and Rock accounts in return for M. Weingold and Rock laying off DeMilta Iron & Metal accounts;

(n) There was *never* an agreement or understanding reached at any time, either at the Holiday Inn meeting or some later time, between DeMilta Iron & Metal and M. Weingold, including any of its affiliated companies, not to compete with each other, or to compete less vigorously than the companies would have competed but for their collusive agreement; or that DeMilta Iron & Metal would not solicit M. Weingold or Weingold-affiliated scrap metal suppliers in return for M. Weingold not soliciting DeMilta Iron & Metal scrap metal suppliers;

(o) At the Holiday Inn meeting in which RONALD VAUGHN participated along with Francis DeMilta, Jack Weingold, and Loren Margolis, there was *no* discussion or mention of the possibility that M. Weingold would sell 150 tons of busheling to DeMilta Iron & Metal, nor was there *any* discussion about the possibility that busheling would be sold to DeMilta Iron & Metal by M. Weingold Company at \$25 under the prevailing *Iron Age* price;

(p) RONALD VAUGHN *never* met with Mark Weingold, Loren Margolis, and Francis DeMilta at the Holiday Inn off of Wilson Mills Road;

(q) RONALD VAUGHN *never* talked to Jack Weingold, Loren Margolis, Mark Weingold, or Howard Bahm about Jack Weingold's purchase of Best Atlas or about Best Atlas accounts;

(r) RONALD VAUGHN *never* gave any direction or instruction to Jarrod Mink, a former DeMilta Iron & Metal employee, related to an account called Commercial Honing;

(s) RONALD VAUGHN *never* gave any instruction or direction to any trader or salesman or buyer of DeMilta Iron & Metal to lay off M. Weingold or Rock business;

(t) RONALD VAUGHN was *not* privy to whether the increase in monthly busheling sales to DeMilta Iron & Metal by M. Weingold was related in any way to Jack Weingold's acquisition of Atlas Lederer;

(u) RONALD VAUGHN *never* directed Jarrod Mink, or Phil Zelznick, or any other employee of DeMilta Iron & Metal, to generate false or phony or inaccurate weight tickets; and

(v) RONALD VAUGHN *never* altered the weight of a truck to help establish a false tare weight, that was then used to pay one of DeMilta Iron & Metal's scrap metal suppliers.

83. It was further part of the corrupt endeavor that, at the time RONALD VAUGHN testified and made each of the above-described materially false and intentionally, misleading, and deceiving statements and representations to the Grand Jury, RONALD VAUGHN was then and there aware and knew that they were false and misleading and deceiving, in that:

(a) RONALD VAUGHN, through his direct participation as a co-conspirator, was aware of an agreement or understanding between DeMilta Iron & Metal and its co-conspirators, M. Weingold, Rock, and their officials that they would allocate and not solicit each other's scrap metal suppliers, and that M. Weingold would make monthly busheling sales to DeMilta Iron & Metal at a price \$25 below the prevailing *Iron Age* price;

(b) RONALD VAUGHN, through his direct participation as a co-conspirator, was aware that, at the conclusion of a meeting at the Holiday Inn, there was an agreement or understanding between DeMilta Iron & Metal and co-conspirators that they would not solicit each other's scrap metal suppliers, and, further, RONALD VAUGHN was aware that not only had such a proposal been made at the Holiday Inn meeting, it was acted upon;

(c) RONALD VAUGHN, through his direct participation as a co-conspirator, was aware of a discussion at the Holiday Inn where the idea of ending competition between Jack Weingold and his companies and DeMilta Iron & Metal was proposed;

(d) RONALD VAUGHN, through his direct participation as a co-conspirator, was aware of a discussion at the Holiday Inn about a set volume of busheling being sold to DeMilta Iron & Metal;

(e) RONALD VAUGHN, through his direct participation as a co-conspirator, was aware that, at this Holiday Inn meeting, Jack Weingold suggested it was crazy for his companies and DeMilta Iron & Metal to continue competing against each other because all that was doing was costing them money;

(f) RONALD VAUGHN, through his direct participation as a co-conspirator, was aware that, at the Holiday Inn meeting in August 1997, with RONALD VAUGHN, Francis DeMilta, Jack Weingold, and Loren Margolis all present, there was *no* talk or discussion among these co-conspirators about M. Weingold and DeMilta Iron & Metal continuing to compete against each other or continuing to go after each other's business, rather the discussion at this meeting involved ending competition between the companies;

(g) RONALD VAUGHN, through his direct participation as a co-conspirator, was aware that, at the Holiday Inn meeting in August 1997, with RONALD VAUGHN, Francis DeMilta, Jack Weingold, and Loren Margolis all present, these co-conspirators talked about more than just the three things described by RONALD VAUGHN in his Grand Jury testimony, in fact they talked about and then agreed to allocate and not solicit each other's scrap metal suppliers and they talked about and then agreed that M. Weingold would sell busheling to DeMilta Iron & Metal monthly at a price \$25 under *Iron Age*.

(h) RONALD VAUGHN, through his direct participation as a co-conspirator, either at the Holiday Inn meeting or at some later time, did talk to Loren Margolis about specific scrap metal accounts, including ETS, Solon Industrial, Bison Welding, and Superior Quality;

(i) RONALD VAUGHN, through his direct participation as a co-conspirator, did hear or use certain terminology in talking to Loren Margolis, and at least one other M. Weingold official, namely, that "blue equals blue," "black equals blue," "brown equals blue," "green equals green," which was a short-hand way of referring to the supplier allocation agreement between DeMilta Iron & Metal and M. Weingold and Rock;

(j) RONALD VAUGHN, through his direct participation as a co-conspirator, did meet with Loren Margolis and Mark Weingold at the Holiday Inn on Wilson Mills Road, not just at DeMilta Iron & Metal's yard, and RONALD VAUGHN did meet with Loren Margolis and Mark Weingold and talked about the monthly sales of busheling from M. Weingold to DeMilta Iron & Metal needing to be increased from 150 tons to a higher tonnage level;

(k) RONALD VAUGHN, through his direct participation as a co-conspirator, did complain to Loren Margolis and Mark Weingold that the 150-ton per month busheling arrangement was no longer satisfactory after Jack Weingold bought Atlas Lederer;

(l) RONALD VAUGHN, through his direct participation as a co-conspirator, did complain to Howard Bahm, a Rock official, that the 150-ton per month busheling arrangement was no longer satisfactory after Jack Weingold bought Atlas Lederer;

(m) RONALD VAUGHN, through his direct participation as a co-conspirator, was aware that an agreement was struck at the Holiday Inn in August 1997 and that, pursuant to this collusive agreement, DeMilta Iron & Metal would lay off M. Weingold and Rock scrap metal suppliers, and, in return, M. Weingold and Rock would lay off DeMilta Iron & Metal scrap metal suppliers, and, further, that M. Weingold would, in return for DeMilta Iron &

Metal's not soliciting the scrap suppliers of M. Weingold and its affiliated companies, sell busheling to DeMilta Iron & Metal on a monthly basis at a price \$25 under the prevailing *Iron Age* price;

(n) RONALD VAUGHN, through his direct participation as a co-conspirator, was aware that an agreement or understanding was reached at the Holiday Inn between DeMilta Iron & Metal and M. Weingold and its affiliated companies not to compete against each other;

(o) RONALD VAUGHN, through his direct participation as a co-conspirator, was aware that, at the Holiday Inn meeting, the co-conspirators talked about the possibility that M. Weingold Company would sell a set volume of busheling to DeMilta Iron & Metal, and, further, that it would be sold at a price \$25 under the *Iron Age* price;

(p) RONALD VAUGHN, through his direct participation as a co-conspirator, did meet with Mark Weingold, Loren Margolis, and Francis DeMilta at the Holiday Inn;

(q) RONALD VAUGHN, through his direct participation as a co-conspirator, did talk to Jack Weingold, Loren Margolis, Mark Weingold, and/or Howard Bahm about Jack Weingold's purchase of Best Atlas and Best Atlas accounts;

(r) RONALD VAUGHN, through his direct participation as a co-conspirator, did give direction or instruction to Jarrod Mink, a former employee of DeMilta Iron & Metal, related to an account called Commercial Honing;

(s) RONALD VAUGHN, through his direct participation as a co-conspirator, did give instruction or direction to traders or salesmen or buyers of DeMilta Iron & Metal to lay off M. Weingold or Rock business;

(t) RONALD VAUGHN, through his direct participation as a co-conspirator, was, in fact, privy to whether the increase in monthly busheling sales to DeMilta Iron & Metal by M. Weingold Company was related to Jack Weingold's acquisition of Atlas Lederer; in fact, as

RONALD VAUGHN well knew, these increased busheling sales were directly related to meetings and discussions that RONALD VAUGHN had with Loren Margolis and Mark Weingold, during which RONALD VAUGHN complained that the busheling *quid pro quo* pay off was unfair after Jack Weingold bought Atlas Lederer, and that it needed to be increased or DeMilta Iron & Metal would end the collusive agreement and begin competing with M. Weingold and its affiliated companies;

(u) RONALD VAUGHN did direct Jarrod Mink and Phil Zelznick, both former employees of DeMilta Iron & Metal, to generate false or phony or inaccurate weight tickets; and

(v) RONALD VAUGHN did alter the weight of a truck to help establish a false tare weight, which was then used to establish an inaccurate unit weight used to pay a DeMilta Iron & Metal scrap metal supplier.

JURISDICTION AND VENUE

84. This corrupt endeavor to influence, obstruct, and impede the due administration of justice, which did, in fact, impede the due administration of justice, was carried out by the Defendant RONALD VAUGHN in the Northern District of Ohio within five years preceding the return of this Indictment.

ALL IN VIOLATION OF TITLE 18, UNITED STATES CODE, SECTION 1503.

A TRUE BILL.

Original document – Signatures on file with the Clerk of Courts, pursuant to the E-Government Act of 2002.

UNITED STATES OF AMERICA v. ALLIANCE NATIONAL LIMITED PARTNERSHIP, d/b/a
DEMILTA IRON & METAL, LTD; FRANCIS DEMILTA; and RONALD VAUGHN

A TRUE BILL.

FOREPERSON

Dated:



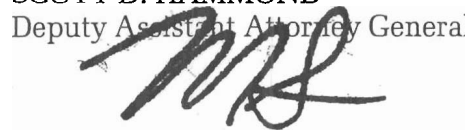
SCOTT M. WATSON
Chief, Cleveland Field Office



THOMAS O. BARNETT
Assistant Attorney General

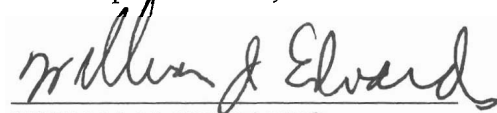


SCOTT D. HAMMOND
Deputy Assistant Attorney General



MARC SIEGEL
Director of Criminal Enforcement

Antitrust Division
U.S. Department of Justice



WILLIAM J. EDWARDS
Acting United States Attorney
Northern District of Ohio



RICHARD T. HAMILTON, JR.
[0042399-OH]

IAN D. HOFFMAN
[14831-IA]

Trial Attorneys, Antitrust Division
U.S. Department of Justice
Carl B. Stokes U.S. Court House
801 W. Superior Ave., 14th Floor
Cleveland, OH 44113-1857
Tel: (216) 687-8433
Fax: (216) 687-8423
E-mail: richard.hamilton@usdoj.gov